G R S IX-5]

Previous references

35-17-81.
54 17 81 84 (municl 1919. 20

Later references

File No 98-19

Serial Nos 1

[illegible]

m 26-28 ~ 10, 11, 12, 20
& 24

GENERAL AND REVENUE SECRETARIAT

Serial Nos 1 Deputation Copy

Part B for September 19

SUBJECT

Local taxation (municipal)

Sc 1- To the D.C.S. of Districts
the Presidents of the 3 Local Boards
the President of the Simon Town municipality
R 4050 60 D 22-9-19 through the D.C. Cape

Parties orders on the regularisation and
systematic development of municipal taxation
and requests the Presidents of rural councils
to take action thereon

W D 1250—GPE—75,000 28-1 19

G R S III—1] 191 6

GENERAL AND REVENUE SECRETARIAT C. REVL 281 12857

(Municipal)

NOTES

File No 98-19

FILE HEADING

Local Taxation (Municipal).

From

No	Dated	Received

Diary No	Enclos	Spare Copies	Serial No

BRIEF ABSTRACT OF LETTER

NOTES AND ORDERS

" × × × The Note (on Local Finances) is submitted forth all references on receipt of decisions on the points raised, a full revised note will be

* Note relating to Mad Ch is appended, that relating to Ald Bdy put into a separate file.

(page 3 to 8 of Notes—First Sheet)

WD 1232—GPB—20,000—16-11 16

G R. S III-2)

General and Revenue Secretariat. | Ml File No. of 191

Serial No

be prepared

(Sd) A V R

3 3 19

Dewan)

Please see remarks at the bottom of each note

(Sd) A R B

4 3 19.

Mr H V K for draft (Sd) A V R 4 3 19"

[The note relating Municipal Finances is appended.].

Local Taxation

Municipal

In their order No 3005-55/Municipal 132-16-1 dated the 16th November 1916, Government indicated the directions in which the financial organisation of - Municipalities was defective and left it to each Municipality to submit definit recommendations suited to local conditions for modification of the existing system of Municipal taxation The - views of the several Municipalities - have now been received by Government but they do not show that sufficient care and attention has been bestowed on a study of the legal aspects of the present position and of the directions in which development of resources is possible

Anomolies in existing system

An analysis of the present system of Municipal taxation discloses the - following anomalies -

(1) Even in the premier Municipalities of Bangalore and Mysore the old rates of mohatarfa shop and oil mill taxes - levied under the late Chief Commissioners Notifications have not yet been replaced by the profession tax and in the Mysore City even cart tax is recovered in some cases under the mohatarfa rules

(2) In most of the other Municipalitie which had been constituted under the -

Municipal

Municipal Regulation of 1906, the - levy of house and vehicle taxes has not been revised in accordance with it, and mohatarfa house, shop and cart taxes are still being levied under the old superseded rules

(3) In all the Municipalities which had not come within the scope of the Municipal Regulation of 1906, the mohatarfa house, shop and cart taxes were being levied under executive authority till now and they have to be regularised by the issue of rules under the new - chapter XIV of the Municipal Regulation relating to Minor Municipalities

Remedying the anomalies

(1) Substitution of Mohatarfa shop tax by Profession tax in the two cities

In regard to the substitution of the shop tax in the Cities by the profession tax, the main objections advance till now were that the rates of profession tax were low and that the minimum income liable to tax, i e , Rs 100 per month was high Both these objections have now been remedied by doubling the rate of levy and reducing the taxable minimum to Rs 30/- per month, as suggested by the Local Finance Committee and th Local Boards and Municipal Conference All the Municipal Councils should therefore immediately take steps to - levy profession taxes in lieu of the - mohatarfa shop and oil mill taxes from the 1st July 1919 The levy of Mohatarf cart tax within the limits of the Mysor City Municipality is illegal and should be

be substituted in all cases by the tax on Vehicles and animals under the Municipal Regulation.

(2) Substitution of mohatarfa by municipal taxes in other municipalities.

The Municipalities coming under class 2 are losing considerable revenue by ~~perpetuating~~ the old system of taxation They should ~~also~~ be directed in all cases to revise their taxation in accordance with the Municipal Regulation In their case also, the mohatarfa shop tax should yield place to the profession tax from the 1st July 1919

3) Substitution of mohatarfa by municipal taxes or its continuance in minor municipalities

In regard to Municipalities which are constituted as minor municipalities it has to be decided whether the taxes may continue on the old lines, their levy being authorised by rules under section 187 (3) or whether they may also be directed to levy taxes in the manner set forth in the Municipal Regulation

The mohatarfa system of taxation requires merely the classification of houses and shops into certain definite classes, while the levy under the Municipal Regulation requires the valuation of houses and of incomes The latter procedure is more elaborate and appears unsuitable for minor municipalities If it is decided to continue the mohatarfa system in these areas, it is advisable to simplify the old classification (Vide page 567 Revenue Manual) still further

Development of Municipal Resources

Thus far, only the question of regularising

regularising the taxes has been considered But if Municipal Government is to develop, further development of their resources is necessary A study of the rates of taxation and the proceeds under each head in the Municipalities of the State brings to light that while the scope for indirect taxation has been exploited to the full extent in the Cities and some of the towns and while there is incessant demand from others for the levy of tolls, there has not been the same solicitude for the development of direct taxes and of municipal properties nor have any of the municipalities yet come forward with any useful and profitable schemes of Municipal trading, There is also a tendency to undue dependence on Government, displayed even by the premier municipalities in the satisfaction of primary wants such as water supply and lighting

Undue preponderance of indirect taxation.

44 per cent of the revenues of the Municipalities comes from Octroi and another 13 per cent from tolls Further while there has been a steady increase in the revenue from Octroi, that from house tax has been in most cases stationary and revision of the assessment registers has been effected and increased revenue secured only in a few cases

Even the Mysore City Municipality which enjoys electric lighting has not yet shown a disposition to levy a li-

Some lines of development of resources.

lighting tax, while the lighting tax levied in Bangalore yields barely half the actual expenses The water rates levied are also totally inadequate in most cases, when provision for a sinking fund and interest charges are taken into account The levy of the tax on animals and vehicles has not been undertaken - under the Regulation in most Municipalities and there is reason to believe that even in the few which are levying it, the assessment and collection is not strict and that considerable leakage - occurs

No general or special Sanitary cess is levied in any of the Municipalities except Bangalore City and in most municipalities including Mysore City, the 'pit' system is still allowed to continue to the detriment of local public health

The income from Municipal properties such as markets and slaughter - houses has not been fully exploited in most municipalities, and license fees levied in places other than Bangalore City are hardly - worth mentioning A comparative statement showing the income of - Bangalore and Mysore Cities and the other District Head Quarter Municipalities and a few British Indian unicipalities under the heads, House tax, Water tax Lighting tax, tax on vehicles and all income from markets and slaughterhouses and license fees is appended

Mysore and British municipalities compared in respect of the above-mentioned sources of income (Hay D)

Substitution of Octroi by Terminal Tax

In this connection it has to be decided whether the question of substituting Octroi by terminal tax is to be pursued further, now that the war is - over The Residency have intimated in their letter No 6878 dated 23 9 944 that the question of such subtitution in the Civil and Military Station is - kept pending the ~~xxxxxxx~~ prospect of similar action in the Bangalore City

Mil F-146-14 56162 Hag T

Suitable draft may be submitted reflecting the suggestions made in the note put up. Orders of the Ministers may also be taken. The Secretariat is most busy at present. The 2 cities should pay for lighting roads and bear part of tax. The rest may be left to the Municipalities. Terminal tax Revenue of the tax at Octroi rates. Revenue may be worked upon here see results may also be

4-3

Subd
Suitable draft not contained a reference to this
16 3 19

G R S III-2]

General and Revenue Secretariat

1257 9

MR File No of 191

Serial No

2 Draft G O is submitted
MK 3/3/19
3 ~~Draft Grant~~ for B T Krishnaiyengar forth complements & further action as directed by the Diwan

(Sd) M V R
26 3 1919

4 Please get two copies of the dept. types as varied
MK 27 3 19

5. MK Attended to.
27 3 1919

6. Draft order prepared & submitted as per orders of Mudaliar on the note of Asst. Secretary to Rao Bahadur.
MK 27 3 19

Revised)
Temp. member)
[redacted] 7.
28-3-19

3869/28 3 9

8 I would like ~~[illegible]~~ once more to peruse the enclosed draft. Let it be submitted to me personally
24/4

NOTE—Contn sheet

G R. S III 2]

General and Revenue Secretariat | Mel File No of 191

1285 10

Serial No

9 Submitted the file in person and as desired by the member today, the draft has been slightly ~~unto~~ in pations marked by the member and as advised

10 If approved, the draft will now be submitted to Dewan

MK 23/4

4268 23.4.19

Temp[y] member)

11 Please see the corrections in pencil already given & submit a clean draft

Chr Khallafan Bhoj file has been handed to the Mr H.V.K.

Mr H.V.K. 27/4

12 Mr H.V.K. Please put up a clean typed draft very early MK 30/4

13 clean draft submd

MK 5/5

4498 7.5.19

Temp[y] member

14 Upper

Mr 7/5

DEWAN'S OFFICE. Read on MAY 9 1919 Reg No 7006

Dewan 15

May be Considered in Council 12/5

NOTE—Contn sheet

17 Chiefs & Circulate. 18

into Comptt C.S. MK 14/5/19 MK 14/5 CSS 12/5/19

(For disposal at a meeting)

No C 815.

13 5 1919

GENERAL AND REVENUE SECRETARIAT

Council Matter

SUBJECT

(Clause xii of the Schedule)

Revision of Municipal taxation

19 CIRCULATED TO THE MEMBERS OF COUNCIL

By Order,

C Balasundaram
Chief *Secretary to Government*

14th May 1919

Extraordinary Member of Council

1528/15 5 19/20 **First Member of Council**

1-35 4 5 1920 **Second Member of Council**

Third Member of Council

GPB—1 000—28 8 14

seen

C 815

Extract from the Proceedings of the 30th Meeting of the Council of His Highness the Maharaja, held at Bangalore on the 10th May 1915.

6. Subject.—Bunch xiii of the Schedule.

Revision of Municipal taxation.

Note - Government advocate may be consulted.

Opinion of the Council.

22 The draft rule may be approved.

Sd. A.Subbarayalu.

Offg. Dewan of Mysore.

"EXTRACT"

C Balasubramanyam

Chief Secretary to Government

WD 1145—GPE—1,000—23-12-13

'WD GPB—800—1-5-15

G R S III-2]

General and Revenue Secretariat

C 8/57

File No. of 191

23 As soon as circulation is complete and the opinion of the Council is recorded the file will be forwarded to the Secretary in the Department concerned for transmission if need be to the Financial Secretary under Standing Orders and for submission to the Dewan or Member in charge.

23 up 24 Extract from the Proceedings of the Council is put Forwarded with compliments to the Secretary to Government, Revenue Department, under Rule 23 of the Subsidiary Rules of Council Business.

By Order,

C Balasundaram
Chief Secretary to Government
20/5/19

25 Instructions requested, with ref^ce to the note in Council, whether the file may be sent unofficially to the Govt. Advocate. The points on which opinion is to be called for are not indicated

4806
25.5.19

3rd member [illegible] 21 5 19

26 If it may be sent unofficially - the Govt Advocate will have to give an opinion whether it is legally tenable and how it could be carried out as well as if there are difficulties

22/5

2

R S III-2]

IMMEDIATE

13

General and Revenue Secretariat | File No | of 191

Serial No

U.O.No 106 Q 235. 9

2. Forwarded with Compliments & The Govt advocate for favour of opinion on the accompanied and kind return of file at an Early date.

By order
Mcannon
for Secretary

7085U

22 5. 1919

U O No 107 of 1919

2. Practically the same points as have now been referred to me for opinion had been raised in Jml File No 35 of 1917, and a copy of my opinion expressed thereon is enclosed for ready reference I believe it covers all the points now raised also.

29. The new Municipalities constituted under Regulation VII of 1906 (as amended) are Statutory bodies and they cannot therefore, levy any taxes that are not authorized under the Regulation. Therefore, Mohatarfa taxes, which have not till now been converted into Municipal taxes under the Regulation (which can be done only after adopting the procedure laid

NOTE—Contn sheet.

laid down in Chapter VII of the Regulation), and which are now being levied on the Strength of the Chief Commrs Notification of 1879, cannot, from a Strictly legal Standpoint, be collected by the present Municipalities.

30 As I have already indicated in the previous note, there is ample provision in the Regulations for levying all these taxes in Municipalities. In the case of minor Municipalities Rules and Notifications will have to be issued for this purpose.

31 The taxes proposed to be levied as per instructions contained in the draft Govt Proceedings appear to be perfectly legal, provided of course that all the necessary formalities and procedure are observed before their introduction in the Municipalities concerned

A Shanbaggy
Government Advocate
24-5-19

32

Copy of the opinion referred in
Mil file No 35 of 1917.

The sources of income coming under the head - "Mohatarfha" are tax on houses, shops, looms, oil-mills and carts. This tax happens to be a tax imposed by the Government and used to be originally collected through Government Agency independent of Municipalities. Later on, but some time prior to 1879, these collections appear to have been made over to all District Head Quarter Municipalities and to some of the larger Municipalities who were also entrusted with the work of collection, the consideration being that they had to defray the entire cost of the Police.

But in minor Municipalities a rather anomolous system of collection lingered, the Mohatarfa portion of taxes used to be collected by Government, viz., the tax on houses of non-agriculturists, ~~not con-~~ exclusive of ~~existing~~ of Brahmins, Mohadamans and other privileged classes and the Municipalities levied a separate house tax in some places only on the houses of the exempted classes, and in other places, on all houses.

But this complicated system was done away with under Chief Commissioner's Notification No. - 3362-73 Munl. 161 dated 27th September 1879 under which the house tax was ordered to be levied by the minor Municipalities at uniform rates on all houses without distinction or exemption (with the exception of course of Government Buildings or those devoted exclusively to religious or charitable purposes) and the income so derived from house tax, as as also from other items of Mohatarfa, was made over to them on the condition of their paying to Government one half of the entire collection under the -

the head "Mohatarfa" reserving the remaining half - for Municipal purposes.

Provision was also made for the levy of Mohatarfa in other Municipalities fixing one combined - rate instead of the separate rates that prevailed - under the mohatarfa and the Municipal taxation in - those Municipalities, subject to the obligations - that they had to discharge.

A further step was taken under Government Order Camp No. 11-20 L.F. 116-93 dated 12th October 1894 - under which the Government moiety of the house and - other items of Mohatarfa taxes collected in the - minor Municipalities were also made over to them and in consideration of this concession, these minor - Municipalities were requested to contribute certain sums of money towards the cost of Vernacular Primary & Middle Schools till then maintained in them from the Village School Provincial Funds.

The combined effect of the Chief Commissioner's Proceedings and of the order of 1894 referred to above was that the entire Mohatarfa revenue was made over to the Municipalities who had to collect these taxes and to appropriate them and in return had to discharge certain obligations such as defraying the - cost of Police or of some educational institutions.

This state of affairs must be deemed to have continued up to the passing of the Municipal Regulation, No. VII of 1906, and it is thus clear that the Municipalities were collecting the Mohatarfa taxes as Agents of Government and were having the benefit of the same under the provisions of the Government

Government Notifications referred to above & not by virtue of the powers vested in them under any Municipal Regulations.

This new Regulation, while repealing all the Municipal Regulations which were till then in force, lays down under the proviso to section 2, that all taxes and rates imposed under the repealed Regulations should be deemed to have been imposed under the new Regulation No. VII of 1906.

The Regulation also provides for the imposition of new taxes under section 59, subject to the provisions of section 60, which lays down the procedure to be adopted, and with the sanction of Government.

The proviso to section 2 does not help us in determining the question as Mohatarfa does not happen to be a tax imposed or levied under the repealed Municipal Regulations and fresh taxes under the new Regulations cannot be imposed unless the conditions laid down by sections 59 & 60 are strictly complied with

The above considerations lead to the following results -

(1) Mohatarfa tax is not a Municipal tax but is a Government tax which was being levied and appropriated by Municipalities under the orders of the Government and the Municipalities had in turn to discharge certain obligations as stated above.

(2) Even though it is a Government tax - Government having made over this ~~tax~~ source of income to the Municipalities under the orders referred to above,

above, cannot now collect this tax by their own -- Agency, unless the previous orders on the subject - are abrogated and new orders passed instead.

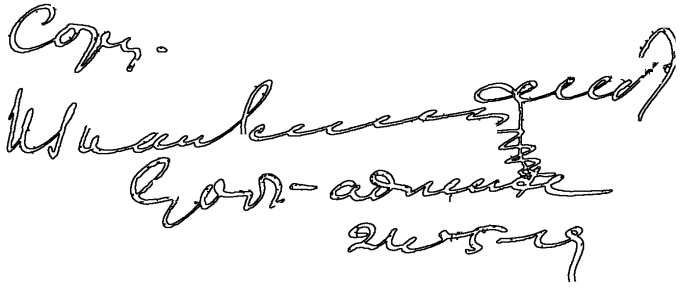
(3) Nor can the Municipalities collect them as -- they are corporate bodies which can only recover - such taxes as are properly levied under the Municip- al Regulation itself and have no power to act as - Agents of the Government.

(4) The Notification of Government of 1879 clearly shows that the house tax previously levied by the - Municipalities and the Mohatarfa house tax were all amalgamated and only one uniform rate of taxation - was adopted and this practice is being followed -- since then. It would not therefore be right to - levy both Mohatarfa as a Government tax and a house tax under the Municipal Regulation.

As the Government have any how resigned this right in favour of Municipalities in consideration of some obligation to be discharged by the latter, - and as such obligations are anyhow imposed upon -- Municipalities under section 54 Cls. (p) (establish- ing and maintaining primary schools) & (s) (paying salary etc , of such Police or guards etc.,) the - best course would be for the Municipalities them- selves to validate such taxation by observing the - procedure laid down in sections 59 & 60 of the -- Municipal Regulation.

Of the items of Mohatarfa, house tax is provid- ed for by section 59 (b) (i) (1), cart tax under -- clause (ii) shop tax under clause (x) where provision

provision is made for a tax on trade etc , tax on - loors and oil-mills comes either under (x) or must at least come under the residuary clause(xi).



15—

D12857

G R. S III-2]

General and Revenue Secretariat | File No. | of 191

Serial No.

32 Resolved with the H C of Jurisdiction
of the Govt Advocate
MK 33 ~~After these proceedings are finished~~,
27.5.19 Separate rules will be put up
for minor mal Councils to which the Taxation
Chapters of the mal Regn have not been made
applicable In those rules it is proposed to
simplify the procedure to some extent, while
the principles incorporated in the orders will be
kept in view

MK
27.5.19

5220
16.6.19

Third member)
~~Appeals~~ may frame rules
~~regulating~~ ~~appellate~~ ~~matters~~ ~~and~~ ~~may~~ ~~frame~~ rules
Early
16/6

34) There is the submitted MK for
approval being a Selected Case.
Please submit a D F N

15/6

35) A D F N is submitted

GBR
19/6/1919

MK
20/6/19

5350
21.6.19

Third member)
(36) Appeals
24/6/19

made Rs
Member is found
The NOTE—Contn. [illegible]
24/6/19

24/6/19

WD A 1769—GPB—60 000—20-3 18—S.

Docs 4287

Revision of municipal taxation

16

G R. S 111-2]

General and Revenue Secretariat | File No. | of 191

Serial No. (3)

A. G. G. R. is asked.

GRR.
24/6/19

MK
24/6/19

JStevens

DEWAN'S OFFICE
Recd on JUN 25 1919
Reg No. 8173

NOTE—Contn. sheet.

WD A 1739—GPB—60 000—20-8 19—S.

FINAL NOTE BY THE Third MEMBER OF COUNCIL

Subject: Revision of Municipal Taxation.

These papers relate to the revision of the present system of Municipal taxation in the State.

2. At present the system of levying taxes in most of the Municipalities in the State is not in strict accordance with the provisions of the Municipal Regulation and this has led to certain anomalies in their levy and difficulties in their recovery. The Mohatarfa taxes which do not find a place in the Municipal Regulation continue to be levied in many of the Municipalities in the State side by side with the taxes permitted under Section 59 of the Municipal Regulation Even in the City Municipalities, mohatarfa shop and oil mill taxes are levied under the Chief Commissioner's Notifications of 1879 The legality of these taxes has naturally been questioned and in one instance an appeal was preferred to the Government The legalisation of these taxes has therefore been found necessary and the accompanying draft Government Order which explains the defects existing in the present system and the necessity for its revision was prepared under the instructions of the Dewan. The draft has been considered in Council and they are of opinion that it may be approved

3. The main lines on which the revision is proposed to be effected are -

(1) the discontinuance of the Mohatarfa Shop tax in City and Town Municipalities and the imposition of profession tax (Clause "c" - Section 59 of the Municipal Regulation)

(2) the levy of tax on vehicles and animals (clause ii Section 59 of the Municipal Regulation) in place of the Cart tax

(3) the systematic levy and revision of the house tax in accordance with the provisions of the Regulation and

(4) the levy of such other taxes as are necessary and are permitted by the Regulation.

4. It is also proposed to suggest to the Municipal Councils to consider the question of levying a terminal tax in lieu of or in addition to the present octroi, in order to improve their revenue.

5. The Government Advocate who was consulted in the matter is of opinion that there are no legal objections to the directions proposed in the draft order to be given to the Municipal Councils concerned.

6. As it is necessary that the taxes leviable in areas subject to Municipal Administration under a Statute should be in accordance with the provisions of the Statute, the draft order which is intended to improve the sources and systematise the methods of taxation in such areas may be approved.

24th June 1919.

MEMBER OF COUNCIL

G R S IV—6]

Submitted to His Highness

I submit herewith a Final Note by the Third *Member of Council on the subject of* the revision of present methods of levying the municipal taxes in the State.

for His Highness' gracious approval Notes to be worked up with reference to the Local self-govt scheme - and proposals for Dt Boards will be separately submitted

Dewan

25-6-19

Record of Cases submitted for the Orders
of His Highness the Maharaja

Subject.

Revision of the present system of Municipal taxation in the State.

1364

Order

KRW

27/6/19

Secretary

Up

28.6

G. R S III-2]

C815-

General and Revenue Secretariat

File No of 191

Serial No

(*)

31 All urgent or confidential files returned with His Highness orders may in the absence of instructions or indications to the contrary, be ordinarily circulated to the Members of Council for perusal after the issue of orders

33. The Secretaries concerned should see that orders in the cases referred to above are issued at once and that the files are returned immediately after to the Chief Secretary for circulation to the Members

34 In all other cases the files will first be circulated to the Members of Council at headquarters and then sent to the Secretariat concerned for the issue of orders

Circulated to the Members of Council for perusal of (*)

His Highness' orders before / after issue of orders (*Vide* Rules 31 33 and 34 of the Subsidiary Rules for the conduct of business of Council in the Manual of Council Rules and Procedure)

C S Balasundaram 29 Aug

Chief Secretary to Govt

30/8/19

Through the Secretary to Government,

30/8/19 Revenue Department

66/27/19 FIRST MEMBER OF COUNCIL 4/9/19

61-61/27/19 SECOND MEMBER OF COUNCIL

3/9/19

5526/30/8/19 TEMPORARY MEMBER OF COUNCIL 1/9

Issue 4/9/19

Note.—Contin ohest

WD 1573—GPE—500—4 5 19

G R.S III—3]

Routine Notes

[To be used only for notes, requisitions, etc., not intended for permanent record]

Respectfully

It is stated
in para 3 of the draft
G.O. that the Levy
will not have been declared before
discontinued from 1st
July 1919 in the notification
dated This
draft is in the
other file relating to the
2nd Local Board
finances which is
under Consideration
in Council Hence
it is submitted that
the present draft
Cannot be issued unless
orders are passed on
the other file

flag C
(page 4)

V B — Should routine notes be written on small slips the notes must be copied or slips pasted on this form

G R S III—3]

Routine Notes

[To be used only for notes, requisitions, etc, not intended for permanent record]

2) In the Lanc form, the municipal Councils have been requested to take steps to levy betterment tax in effect from 1st August 1945. Whether the order comes into effect the 3rd August 1945, and as such it is a point for consideration whether retrospective effect can be given to the proposal

3) In the last sentence of para 5, the municipal Councils are asked to submit a report of the action taken in the matter of the development of their resources by the end of August 1945 since this seems to be a short time for them to take any action, it is apparent

Should routine notes be written on small slips the notes must be copied or slips pasted on this form

G R.S III—3]

Routine Notes

[To be used only for notes, requisitions, etc, not intended for permanent record]

for orders whether this may not be consequently altered to the end of Dec 1919

4) Submitted for orders.

5/7/19

5) The draft order cannot be issued immediately as apparently the abolition of Food milk tax, which is still pending Consideration in Council affects the instructions & the milk cannot be omitted

6) Also, the date for the beginning of Luncheon Vouchers cannot be shifted altered As the year has commenced this order may take effect from 1st Jan 1st April by which time all the Food milk will have ceased Time to update the preliminary action necessary in this connection

MAC 8/7/19

Revised

1) As the subjects are connected and interdependent on each other, orders may issue on both the

* B - Should routine notes be written on small slips the notes must be copied or slips pasted on this form

GRS III—3]

Local Taxation. (Municipal)

Routine Notes

[To be used only for notes, requisitions, etc, not intended for permanent record]

questions as mentioned previously

8) Orders in this case will therefore, if approved, be deferred till the disposal of the 'Pinchbeck' question now before Council.

87/7/19

3rd member).

9) All. papers may now be filed.

96
9.7.19

[Where papers may be treated as not to be filed]

10) The G.O. relating to the revision of the flag system of levy of municipal taxes has issued.

11) Certain verbal alterations have to be made in this draft in this file as already indicated in paras 2 & 3 of the routine notes. Submitted for orders.

N B —Should routine notes be written on small slips the notes must be copied or slips pasted on this form

B. S. III-2]

General and Revenue Secretariat | File No | of 191

285/

Serial No.	
15	submitted for perusal. The alteration in the date mentioned in the despatch, Serial No. 1496/12-9-19 (Second memo.) should be made. The date mentioned in the despatch is correct. The change is indicated above may be ordered to be made. MK 12-9-19
	appd Meston 17/2/19
1	To The D.C.S of Customs The President of Bangalore & The Resident of the Nilgiris through the D.C. Kolar No R 4050-60 dt 28-9-19. Please draw on the Bangalore and advise the receipt of new export tariff rates as required in Mysore Cantt. & take action in the matter of levying export duty on Tea.

BDunn

Proceedings of the Government of H. H.
the Maharaja of Mysore.

*****

R e a d --

Report dated the 18th April 1913 of the Special Committee of the Economic Conference for the imposition of fresh taxation.

2. Report of the Special Committee of the Economic Conference on Local Finance

3 Government order No.3005-55/Ml. 132-16-1 dated the 16th November 1916 passing orders on the Scheme for the development of Local Self-Government in Mysore.

4. Opinions of the several Municipal Councils received with reference to para 12 of the above order relating to the modification of the existing system of Municipal taxation.

5. Letter No.169 dated 29th March 1917 from the President of the City Municipal Council of Mysore stating that owing to the great European War no change is desirable in the existing system of Municipal taxatio

6. Government order No 4464/Ml. 257-13-4 dated the 9th February 1918 recording letter No 211 dated the 24th January 1918 from the President of the City Municipal Council of Bangalore stating that the question of abolishing Kohatarfa and introducing a trade and profession tax, as well as replacing the Octroi by a terminal tax require to be

worked

worked out with a view of introducing such schemes as may be found advantageous after the cessation of the European War

- - - - - -

O r d e r -- No. R 4050-60

Dated Bangalore, the 22 9 4.

A

In paragraph 12 of their order No. 3005-55/Ml. 132-16-1 dated the 16th November 1916, Government indicated the directions in which the financial organization of Municipal Councils was defective and left it to each Municipal Council to submit definite recommendations for modification of the existing system of Municipal taxation. The views of the several Municipal Councils so far received do not show that sufficient care and attention have been bestowed on the legal aspects of the present taxation and the ways and means to develop their resources

2 An analysis of the present system of Municipal taxation discloses the following anomalies -

a?

(i) In the (premier) Municipalities of Bangalore and Mysore, the (old) Vohatarfa shop and oil-mill taxes levied under the Chief Commissioner's Notifications still exist and they have not been replaced by the profession tax. In the Mysore City tax on

carts is recovered in some cases under the Mohatarfa rules.

(ii) In most of the 34 other Municipalities constituted under the Municipal Regulation of 1906, the levy of house and vehicle taxes has not been revised in accordance with that Regulation and the house-tax and the Mohartarfa shop, cart and oil-mill taxes are still being levied under para 11 of the late Chief Commissioner's Proceedings No.3362-73/Ml.161 dated the 27th September 1879 and the Mohatarfa Rules.

(iii) In all the Municipalities not governed by the Municipal Regulation, 1906, the house-tax and the Mohatarfa shop, cart and oil-mill taxes were being levied under executive authority, and they have to be regularised by the issue of rules under the new Chapter XIV of the amended Municipal Regulation in the case of those Municipal Councils to which the Chapter is made applicable and in the case of the rest, action has to be taken under Chapter VII of the Regulation.

3 The levy of oil-mill tax has been ordered to be abolished from the 1st July

July 1919 in Government Order No. R 3491-509/LS 47-19-1 dated 12 September 1919 In regard to the substitution of the shop tax in the two City Municipalities by the profession tax, the main objections advanced till now were that the rates of profession tax fixed in schedule III of the Municipal Regulation were low and that the minimum income liable to tax i e. Rs.100/- per mensem was high. In accordance with the recommendations of the Local Finance Committee and the Local Boards and Municipal Conference, Mysore, the said schedule has been revised whereby not only have the rates of the said tax been doubled but the minimum income liable to tax reduced from Rs.100/- to Rs.30/- The two City and all the Town Municipal Councils should therefore immediately take steps to levy profession taxes in lieu of the Mohatarfa shop and oil-mill taxes from the 1st July 1919. The ~~legality of~~ Mohatarfa cart tax ~~levied within the limits of the Mysore City Municipality is doubtful and~~ levied in municipality should be replaced by the tax on vehicles and animals under Cl (ii) of Section 59 of the Municipal Regulation. The same action should be adopted by the Town Municipal Councils also

1st Jan 1920.

In regard to Municipalities for which Minor Municipal Councils are constituted, suitable rules will be issued under Section 137 (3) as to the levy of taxes in them.

4. Thus far only the question of regularising the taxes has been considered. But, if Municipal Government is to develop further expansion of their resources is necessary. A study of the rates of taxation and the proceeds under each head in the Municipalities of the State shews that a tendency to undue dependence on Government is displayed, even by the premier Municipal Councils, for the satisfaction of their primary wants, such as Water-supply, and lighting. 44 per cent of the revenue of the Municipal Councils in the State comes from Octroi and another 12 per cent from tolls. Further, while there has been a steady increase in the revenue from Octroi, that from house-tax has been in most cases stationary. Revision of the assessment registers has been effected and increased revenue secured in a few cases only The income from lighting-tax in the two City Municipalities which are provided with electric lights is in no way sufficient to meet the actual expenses. The water rates levied in the two Cities are also totally inadequate for the corresponding expenses when provision for a sinking fund and for interest charges are taken into account. The tax on animals and vehicles authorised by the Regulation is not levied in most Municipalities and there is reason to believe that even in the few Municipalities where it is levied, the arrangements for assessment

and

and collection are not efficient and that considerable leakage occurs.

No general or special Sanitary cess is levied in any of the Municipalities except the Bangalore City and in most Municipalities, including the Mysore City, the 'pit' system is still allowed to continue against all rules of public health and no arrangement exists for the removal of night-soil daily outside the City or Town.

In a large number of Municipalities steps have not been taken to develop to the fullest extent, the income from - - - Municipal properties such as markets and slaughter houses, and the fees derived from the issue of licenses are negligible except in the Bangalore City Municipality.

To summarise, while the scope for indirect taxation has been availed of to the full extent in the Cities and in some of the towns and while there is incessant demand from others for the levy of tolls, there has not been the same solicitude for the development of direct taxes and of income from Municipal properties, nor have any of the Municipal Councils yet come forward with any useful and profitable schemes of Municipal trading

5. The two City Municipal Councils should take steps to enhance the rates of lighting-tax and water-rate so that the

income therefrom may be sufficient to defray in full the charges incurred in respect of these services. They should also take up again the question of ~~Living~~ terminal tax in addition to or in lieu of Octroi and submit their recommendations in the matter for the orders of Government very early.

All the Municipal Councils should take action at once to revise the tax on buildings which has not been done for some years past in most towns, to levy the assessment on buildings under the Municipal Regulation wherever this has not yet been done, to levy the other fees and cesses permitted by the Regulation, and to develop other sources of Municipal income and report the result of the action taken before the end of August 1919.

6. Separate orders will issue on the reports referred to in Serial 4 of the preamble

Secretary to Government
Revenue Department.

To

The Deputy Commissioners of Districts for information and communication to the Presidents of Municipal Councils.

The President, City MunicipalCouncil, Bangalore, with a covering letter.
The President, City Ml Council, Mysore
The President of the Sringeri Mlty thro' the D.C. Kadur District.

Press Table.

GKV.

Government of His Highness the Maharaja of Mysore.

GENERAL AND REVENUE DEPARTMENTS

G. O. No. R. 4050-60—Ml. 98-19-1,
dated 22nd September 1919.

Regularisation and Development of Municipal Taxation

Passes orders on the —— in the State

W D 701—GPb27—10-19—270

No R 4050-60—Mi 98-19-1, dated 22nd September 1919

PROCEEDINGS OF THE GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

GENERAL AND REVENUE DEPARTMENTS

Read—

Report dated the 18th April 1913 of the Special Committee of the Economic Conference for the imposition of fresh taxation

2 Report of the Special Committee of the Economic Conference on Local Finance

3 Government Order No 3005-55—Ml 132-16-1, dated the 16th November 1916, passing orders on the scheme for the development of Local Self Government in Mysore

4 Opinions of the several Municipal Councils received with reference to para 12 of the above order relating to the modification of the existing system of Municipal taxation

5 Letter No 169, dated 29th March 1917, from the President of the City Municipal Council, Mysore, stating that owing to the great European War no change is desirable in the existing system of Municipal taxation

6 Government Order No 4464—Ml 257-13 4, dated the 9th February 1918, recording letter No 211, dated the 24th January 1918, from the President of the City Municipal Council of Bangalore stating that the question of abolishing Mohatarfa and introducing a trade and profession tax, as well as replacing the octroi by a terminal tax requires to be worked out with a view of introducing such schemes as may be found advantageous after the cessation of the European War

Order No R. 4050-60—Ml 98-19-1, dated 22nd September 1919

In paragraph 12 of their order No 3005-55—Ml 132-16-1, dated the 16th November 1916, Government indicated the directions in which the financial organisation of Municipal Councils was defective and left it to each Municipal Council to submit definite recommendations for modification of the existing system of Municipal taxation The views of the several Municipal Councils so far received do not show that sufficient care and attention have been bestowed on the legal aspects of the present taxation and the ways and the means to develop their resources

2 An analysis of the present system of Municipal taxation discloses the following anomalies —

(i) In the premier Municipalities of Bangalore and Mysore, the old Mohatarfa shop and oil-mill taxes levied under the Chief Commissioner's Notifications still exist and they have not been replaced by the profession tax In the Mysore City, tax on carts is recovered in some cases under the Mohatarfa Rules

(ii) In most of the 34 other Municipalities constituted under the Municipal Regulation of 1906, the levy of house and vehicle taxes has not been revised in accordance with that Regulation and the house tax and the Mohatarfa shop, cart and oil mill taxes are still being levied under para 11 of the late Chief Commissioner's Proceedings No 3362-73—Ml 161, dated the 27th September 1879 and the Mohatarfa Rules

(iii) In all the Municipalities not governed by the Municipal Regulation, 1906, the house tax and the Mohatarfa shop, cart and oil mill taxes were being levied under executive authority, and they have to be regularised by the issue of rules under the new Chapter XIV of the amended Municipal Regulation in the case of those Municipal Councils to which the chapter is made applicable and in the case of the rest, action has to be taken under Chapter VII of the Regulation

3 The levy of oil-mill tax has been ordered to be abolished from the 1st July 1919 in Government Order No R 3491-508—L B 47-19-1, dated 11th September 1919 In regard to the substitution of the shop tax in the two City Municipalities by the profession tax the main objections advanced till now were that the rates of profession tax fixed in Schedule III of the Municipal Regulation were low and that the minimum income liable to tax, *i e*, Rs 100 per mensem was high In accordance with

the recommendations of the Local Finance Committee and the Local Boards and Municipal Conference, Mysore, the said schedule has been revised whereby not only have the rates of the said tax been doubled but the minimum income liable to tax reduced from Rs 100 to 30 The two City and all the Town Municipal Councils should therefore immediately take steps to levy profession taxes in lieu of the Mohatarfa shop and oil mill taxes from the 1st January 1920 The Mohatarfa cart tax levied in Municipalities should be replaced by the tax on vehicles and animals under clause (11) of section 59 of the Municipal Regulation In regard to Municipalities for which Minor Municipal Councils are constituted, suitable rules will be issued under section 187 (3) for the levy of taxes in them

4 Thus far, only the question of regularising the taxes has been considered But, if Municipal Government is to develop further expansion of their resources is necessary A study of the rates of taxation and the proceeds under each head in the Municipalities of the State shows a tendency to undue dependence on Government, even by the premier Municipal Councils, for the satisfaction of their primary wants, such as water-supply and lighting 44 per cent of the revenue of the Municipal Councils in the State comes from Octroi and another 12 per cent from tolls Further while there has been a steady increase in the revenue from octroi that from house tax has been in most cases stationary Revision of the assessment registers has been effected and increased revenue secured in a few cases only The income from lighting tax in the two City Municipalities which are provided with electric lights is in no way sufficient to meet the actual expenses The water rates levied in the two cities are also totally inadequate for the corresponding expenses when provision for a sinking fund and for interest charges are taken into account The tax on animals and vehicles authorised by the Regulation is not levied in most Municipalities and there is reason to believe that even in the few Municipalities where it is levied, the arrangements for assessment and collection are not efficient and that considerable leakage occurs

No general or special Sanitary Cess is levied in any of the Municipalities, except the Bangalore City and in most Municipalities including the Mysore City the pit' system is still allowed to continue against all rules of public health and no arrangement exists for the removal of night soil daily outside the City or Town In a large number of Municipalities, steps have not been taken to develop to the fullest extent, the income from Municipal properties such as markets and slaughterhouses, and the fees derived from the issue of licenses are negligible except in the Bangalore City Municipality To summarise, while the scope for indirect taxation has been availed of to the full extent in the Cities and in some of the Towns and while there is insces sant demand from others for the levy of tolls, there has not been the same solicitude for the development of direct taxes and of income from Municipal properties, nor have any of the Municipal Councils yet come forward with any useful and profitable schemes of Municipal trading

5 The two City Municipal Councils should take steps to enhance the rates of lighting tax and water rate so that the income therefrom may be sufficient to defray in full the charges incurred in respect of these services They should also take up again the question of levying terminal tax in addition to or in lieu of octroi and submit their recommendations in the matter for the orders of Government very early All the Municipal Councils should take action at once to revise the tax on buildings which has not been done for some years past in most towns, to levy the assessment on buildings under the Municipal Regulation wherever this has not been done to levy the other fees and cesses permitted by the Regulation, and to develop other sources of Municipal income and report the result of the action taken before the end of December 1919

6 Separate orders will issue on the reports referred to in serial 4 of the preamble

B RAMASWAMAIYA,
Secy to Govt, Rev Dept

To—The Deputy Commissioners of Districts for information and communication to the Presidents of Municipal Councils
The President, City Municipal Council, Bangalore, with a covering letter
The President, City Municipal Council, Mysore
The President of the Sringeri Municipality, through the Deputy Commissioner Kadur District
PRESS TABLE

Rnd.—C. R.